

Message Text

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INFO AMCONSUL FUKUOKA

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FOR COMMERCE FROM WALMSLEY FOR OLIVER, COVERING
ACTIVITIES IN FUKUOKA

E.O. 11652: N/A

TAGS: BTRA, BTIO, JA

SUBJECT: U.S. FRANCHISING TRADE MISSION IN JAPAN

1. TRADE MISSION MEMBERS HAD AN ADDITIONAL THIRTY APPOINT-
MENTS IN FUKUOKA, PLUS DAILEY AND WALMSELY INTERVIEWS
BY THE "WALL STREET JOURNAL" OF JAPAN.

2. CONSIDERING THE SPECIAL NATURE OF THE MISSION, ALL
MEMBERS FEEL THEY HAVE FULLY ACHIEVED THEIR OBJECTIVES.
IMMEDIATE SALES OF \$40,000 PLUS FIRST YEAR EXPECTED
FRANCHISE FEES OF \$450,000 WERE REPORTED. HOWEVER,
FIRST YEAR FEES ACTUALLY REPRESENT ONLY APPROXIMATELY
SIX MONTHS OR LESS SINCE LENGTHY NEGOTIATIONS STILL
REQUIRED.

3. SHERATON REPORTED NO SALES FIGURES SINCE THEY FELT
THAT NEGOTIATIONS AND CONSTRUCTION TIME WOULD EXTEND
WELL BEYOND ONE YEAR. THEY HAVE NINE POSSIBILITIES
UNDER CONSIDERATION, INCLUDING ONE FOR BRAZIL
AND ONE FOR KOREA. ANOTHER ACTUAL OFFER WAS TURNED
DOWN BECAUSE OF BAD SITE. THREE FUKUOKA POSSIBILITIES
ESPECIALLY GOOD.

4. I BELIEVE TANDY LEATHER WILL DECIDE TO MAKE A FORMAL
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AGREEMENT WITH A COMPANY WITH WHICH THEY HAVE BEEN

WORKING ON AN INFORMAL BASIS, SINCE THEY ACCEPTED A \$40,000 ORDER FOR ADDITIONAL MERCHANDISE FROM THEM. THEY HAVE TWENTY-SEVEN OTHER POSSIBILITIES, MOST OF WHICH COULD BE IMMEDIATELY FINALIZED IN TANDY WERE SO INCLINED. SEIBU DEPT. STORES WANTED TO WORK THEM INTO THEIR MAIL ORDER BUSINESS. THIS MAY STILL BE A POSSIBILITY. REDD RETURNED TO TOKYO AFTER MISSION FOR FURTHER DISCUSSIONS.

5. KOPY KAT EXPECTS TO SET UP TWO FRANCHISES IN JAPAN BY SPLITTING PREFECTURES. THEY HAVE TWENTY-ONE EXCELLENT POSSIBILITIES PLUS SIX TO TEN SUB-FRANCHISES LINED UP. DUE TO PROBLEMS WITH TYPE CHARACTER TECHNOLOGY, \$300,000 IN EXPECTED FRANCHISE FEES COVERS ONLY SIX OR LESS MONTHS. DAILEY HAS RETURNED TO TOKYO/OSAKA FOR FURTHER NEGOTIATIONS AND WILL MOVE HIS HEADQUARTERS FROM OKINAWA TO TOKYO.

6. THRIFTY FEELS CONFIDENT THEY WILL BE ABLE TO APPOINT A SINGLE FRANCHISEE FOR ALL OF JAPAN. HAVE HAD A NUMBER OF EXCELLENT POSSIBILITIES TO SPLIT THE MARKET BUT ARE HOLDING FIRM TO INITIAL PLANS. THE \$150,000 EXPECTED FEES COVER ONLY A PARTIAL YEAR BECAUSE OF TIME REQUIRED FOR NEGOTIATING FINAL TERMS. DAVIS RETURNED TO TOKYO FOR FURTHER DISCUSSIONS ON SATURDAY, SUNDAY AND MONDAY. INITIAL DISCUSSIONS ON APRIL 27 FOR SEPARATE POSSIBILITY IN OKINAWA.

7. THE TRADE MISSION TECHNIQUE IS UNIQUELY SUITED TO FRANCHISE PROMOTION. IN SPITE OF LOW EXPECTED RESULTS, WHICH I BELIEVE ARE UNDERSTATED BECAUSE OF THE ABSENCE OF SHERATON COMMITMENT, WELL RESEARCHED AND PLANNED FRANCHISE TRADE MISSIONS ARE A WORTHWHILE EFFORT ON PART OF O.I.M. SINCE FRANCHISE FEES ARE LARGELY PROFIT FOR FRANCHISORS, SUCH TRADE MISSIONS GREATLY BENEFIT THE PARTICIPANTS. THE QUICK IDENTIFICATION OF AND ABILITY TO COMPARE A NUMBER OF POSSIBILITIES CANNOT BE ACCOMPLISHED IN ANY OTHER WAY AND NEVER BY THE INDIVIDUAL COMPANIES THEMSELVES.

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8. FUKUOKA OFFERS A UNIQUE OPPORTUNITY FOR U.S. SINCE THERE ARE NO OTHER FOREIGN COMPANIES IN THE AREA AND ONLY ONE HONORARY CONSUL SERVING THE U.K. AND THREE SCANDINAVIAN COUNTRIES AS A JOINT EFFORT. GOOD RESEARCH AND PLANNING COULD PAY EXCELLENT RESULTS. APPOINTMENTS IN FUKUOKA WERE ALL SERIOUS INTEREST. POINT OF FOREIGN TRADE ASSOCIATION

MEETING ON APRIL 24TH WAS A PLEA FOR AMERICAN
COMPANIES TO PLEASE CONSIDER KYUSHU IN THEIR
PLANS.

9. FUKUOKA POST COMMERCIAL SECTION IS SMALL BUT
EXCEPTIONALLY CAPABLE, ENTHUSIASTIC AND DEDICATED
TO ACCOMPLISHING MORE IN A COMMERCIAL SENSE.
THEY CAN ABLY HANDLE ANY REASONABLE ACTIVITY, AND
HOPE FOR A SPECIAL RESEARCH PROJECT WHICH WOULD
CLEARLY IDENTIFY MARKETING OPPORTUNITIES.
HODGSON

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